

Your Exam Content Outline

The following outline describes the content of one of the Oregon insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

Oregon Producer's Examination for Surplus Lines Insurance Series 12-05

50 questions – One-hour time limit

PLEASE NOTE: All code and RL references refer to ORS, unless otherwise noted.

1.0 Insurance Regulation 12%

1.1 Licensing regulation for surplus lines

- Purpose (735.400)
- Definitions (731.066, .144, 744.05)
- Types of licensees
 - Individuals (735.450(1), 744.053)
 - Business entity
 - Nonresident (735.450(2), 744.063)
- Licensing requirements (735.450(1,2), .455; OAR 836-071-0500)
 - Current license
 - Prior experience
- Maintenance and duration
 - Renewal (744.072)
 - Change of address (744.068(4))
 - Assumed business names (744.068(1))
- Continuing education requirements (744.072(4,5))
- Disciplinary actions
 - Hearings (731.240)
 - Cease and desist order (731.248, .252)
 - Suspension, revocation, or refusal to renew (735.480, 744.074)
 - Penalties (735.485, .490)
 - Reinstatement (744.072(6))

1.2 State regulation

- Director's general duties and powers (731.236, 735.420, .475)
- Unfair trade practices
 - Misrepresentation (746.075, .100)
 - False advertising (746.110; OAR 836-080-0155)
 - Rebating (746.045)
 - Unfair discrimination (746.015; OAR 836-081-0005 and 0010)
 - Illegal inducement (746.035)
- Examination of records (744.068(2,3))
- Privacy of Consumer Information (746.620)
- Surplus Lines Association of Oregon (735.430)

2.0 General Insurance 8%

2.1 Concepts

- Risk management key terms
 - Risk
 - Exposure
 - Hazard
 - Peril
 - Loss
- Methods of handling risk
 - Avoidance
 - Retention
 - Sharing
 - Reduction
 - Transfer

- Elements of insurable risks
 - Adverse selection
 - Law of large numbers
 - Reinsurance

2.2 Insurers

- Types of insurers
 - Stock companies
 - Mutual companies
 - Fraternal benefit societies
 - Self insurers
 - Surplus lines
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

2.3 Producers and general rules of agency

- Insurer as principal
- Producer/insurer relationship
- Authority and powers of producers
 - Express
 - Implied
 - Apparent
- Responsibilities to the applicant/insured

2.4 Contracts

- Elements of a legal contract
 - Offer and acceptance
 - Consideration
 - Competent parties
 - Legal purpose
- Distinct characteristics of an insurance contract
 - Contract of adhesion
 - Aleatory contract
 - Personal contract

- Unilateral contract
- Conditional contract
- Legal interpretations affecting contracts
 - Ambiguities in a contract of adhesion
 - Reasonable expectations
 - Indemnity
 - Utmost good faith
 - Representations/misrepresentations
 - Warranties
 - Concealment
 - Fraud
 - Waiver and estoppel

3.0 Surplus Lines Markets and Practices 80%

3.1 United States nonadmitted market

- Insurance exchanges
- Foreign nonadmitted market

3.2 Alien insurers

- London market
 - Lloyd's of London
 - Underwriters
 - Brokers
 - Other London companies
- Other alien markets
- United States trust funds

3.3 Alternative markets

- Risk retention groups (735.300–.365)
- Purchasing groups (735.300, .305, .325–.335)
- Independently procured insurance (731.144)

3.4 Eligible surplus lines insurers

- Requirements (735.415)
- Withdrawal of eligibility (735.420)
- Service of process (735.485)

3.5 Surplus lines coverages

- Characteristics and uses
- Types of coverages available

3.6 Requirements for placement of surplus lines insurance

- Diligent search (735.410, .425)
 - Affidavit (735.425)
- Notice to insured (735.435)
 - Unlicensed insurer
 - Oregon Insurance Guaranty Association (734.510–.710)
- Evidence of insurance (735.435)

3.7 Binding authority (735.435)

3.8 Records of licensee

- Content of records (735.460(1))
- Maintenance (735.460)
- Reporting (735.465)

3.9 Surplus lines tax (735.470, .475)

- Amount
- Collection
- Remittance